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DESIGN PROTECTION IN LAMP DESIGN AND MANUFACTURING*

Thomas Lowy†

There are two subjects under the rubric of design law practice about which I would like to speak. One topic is the general environment of my particular industry, lamp design and manufacturing, as it encounters the world of design protection. The other subject is the particular circumstances that propelled my company into the world of design protection litigation.

The portable lighting industry has traditionally been beset by a plague of knock-offs. The innovative or creative producer of lighting has been considered fair game to his competitors. Those companies naive enough to attempt to capitalize on research or design investment, soon learned that their expected payoff was often earned by the man down the street, who had the temerity to copy the innovator's design, and reap the benefits for himself. If the innovative producer wishes to stay in business, he soon learns the error of his ways. The next time out he will lower his costs by eliminating the expense of research and development, and begin to be a copier in earnest, marketing products with the lowest prices and the lowest common denominator of design.

You will ask why the innovator or producer does not use the laws to protect his designs. The reasons are complicated, but quite reasonable. First, there is the expense. Small producers, which are typical in our industry, look at additional nonmaterial or labor-related costs as excess overhead, and a drag on cash and profits. Second, they often do not have the cash at hand to pay professionals. Moreover, they do not even know a professional who can handle the matter for them. Then there is the quantity question. Traditionally, new introductions in our industry are voluminous, and occur at least twice yearly. It is not unusual for even small producers to introduce fifty to one hundred new items twice a year. The question to the producer then becomes which items will he protect. Usually, the bulk of new introductions are discontinued because of either slow or moderate sales. A few will become best sellers, but this will only become evident after a sometimes lengthy period of marketing. Therefore, the question of which item to protect becomes extremely difficult to answer given the amount of time and money that must be devoted to the protection of even one item.

A further problem is the cost associated with enforcing one's rights, even after obtaining design protection. There is wide acceptance of knock-offs by a large section of the producing and consuming worlds. Popular opinion often condones, and sometimes even encourages, copying. Many times in my career, buyers, or even architects or designers, have asked me to make something that they have seen. Often they show me a photograph, or

* This speech was delivered at the National Conference on Industrial Design Law and Practice at the University of Baltimore School of Law, March 10 and 11, 1989.

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sample of someone else's design. People who no doubt would be shocked to hear that a colleague was caught mugging a little old lady are proud to tap that same person on the shoulder and congratulate them on a well-produced copy. Stealing ideas does not seem to be as worthy of criminalization as stealing money.

All the factors that I have mentioned contribute to a situation that discourages innovation and restricts growth for the American lighting industry. I might add that I see similar factors influencing the gift, decorative accessory, housewares, and furniture industries. The result creates industries that are noncompetitive in the world market.

Let us assume you are about to enter a housewares store in any town and try to find a well-designed, American-made, item of any sort. Take a glance around this room. Look at our water pitcher. Look at the tables on which they are perched. Look at the sprinklers above our heads. They are all examples of United States products that could not possibly compete in the world market.

Two years ago my company entered into a joint venture with a progressive Italian lighting company named PAF. The purpose of this venture was to market the PAF products in the United States through the Koch + Lowy sales organization, and for PAF to do the same in Europe for our products. The joint venture began very successfully. It eventually led to the acquisition of the Italian company by the public company that owns Koch + Lowy. In 1984, PAF introduced its most successful product. It was a very beautiful and unusual lamp that was christened the Dove.¹

In a very short time, the Dove lamp became one of the most popular lamps in the world. It was a lamp that required a great deal of preproduction research and development, and moreover, it required the talents of two remarkable designers—Mario Barbaglia and Marco Colombo. These men designed a desk lamp that captured the imagination of a great many sophisticated architects, designers, and consumers. The lamp has sold all over the world in significant quantities. A large sum of money was invested in the tooling, advertising, and the public relations. Design royalties to Barbaglia and Colombo grew steadily.

I should mention that prior to the success of the Dove lamp, PAF did very little business outside the European community. I am aware, and I think you are, that the industrial design protection within the European community is generally better than in the United States. People feel free to bring their products to market there, and to invest the money to do things that are innovative. Therefore, PAF management never considered the possibility of design piracy in the United States. However, in June of 1988, we discovered that our friends, the Taiwanese, had produced a replica of the

1. See Fryer, *A Case History of Industrial Design Success: The Dove Lamp*, 19 U. BALT. L. REV. 163 (1989) (discussing the development of the Dove lamp).

Dove lamp, which was known as the Swan lamp. They were beginning to market their product in the United States.

The Dove lamp accounted for more than fifty percent of all of the United States sales of PAF products. The price of the copy was less than one-half of our price. If the copy was allowed to be sold in our markets, they certainly would have destroyed our success in the United States. At that point, we consulted counsel.

We eventually sued on the theory that Professor Reichman mentioned—the trade dress. We won a permanent injunction against the principal importer of that copy.² Damages, however, have yet to be decided by the court. My legal fees hover in the six-figure range. The costs to my company, in time and effort to pursue the case in the courts, are incalculable. The same is true for the managing director and employees of our sister company in Italy who were obliged to spend weeks in the United States for depositions and the trial. The trial lasted a full week.

Have we won a real victory? Clearly, we have not touched the perpetrator of the copy. We have not prevented the next importer from trying its luck. We have spent a great deal of money, and we have gained a certain satisfaction in crushing this particular importer.

Do we feel that the United States system of design protection works? Obviously not. Our hard fought victory was too expensive, and it is extremely fragile. We still have other products that are copied all the time by both foreign and domestic producers. We feel abused by a process that usually seems to reward the thief, to the detriment of the originator.

2. See *PAF S.r.l. v. Lisa Lighting Co.*, 712 F. Supp. 394 (S.D.N.Y. 1989). The Dove lamp decision in *PAF* was published after this conference. Mr. Lowy achieved more than the injunction he reported at the conference. Damages in the amount of \$32,692 were awarded for lost profits from the 1500 lamps sold by the defendant. The defendant had ordered 4500 lamps. Apparently, at least 3000 lamps more would have been sold in the United States, if the suit had not been brought. While the court denied compensatory damages because there was no evidence of loss due to actual confusion, it did award attorney's fees. The total damages and attorney's fees recovered covered almost all the actual out-of-pocket expenses and attorney's fees incurred by Koch + Lowy.